[Shri A. J. John]

BUDGET ESTIMATES, 1956-57.

6. Before entering into the details of the provisions made in the next year's budget, I would like to refer to an important change in classification. In the context of the vast development activities which are currently being undertaken, the allocation of expenditure between revenue and capital called for a review. Larger national interests now compel us to incur expenditure at a faster pace than can be supported by current taxation at reasonable levels. Therefore it has been decided in consultation with the Government of India that certain items which are at present met from the current revenues should be transferred to capital, without at the same time departing from the fundamental principles governing the classification of expenditure as capital. Thus expenditure on major works which results in the creation of tangible assets such as construction of buildings which individually cost Rs. 20,000, or as a scheme, Rs. one lakh, has been transferred to the capital side. As a result of this decision expenditure to the tune of about Rs. 225 lakhs has been transferred from Revenue to Capital.

ESTIMATES OF REVENUE AND EXPENDITURE.

7. I shall now unfold the picture for the coming year. The revenue for the next year is estimated at Rs. 1889.90 lakhs and the expenditure at Rs. 2198.38 lakhs. This would result in a deficit of Rs. 308.48 lakhs.

The revenue estimates do not take credit for any new measures of taxation. Credit has, however, been taken for a revenue of Rs. 15 lakhs from Betterment Levy, for which the necessary legislation is already pending before the House. The improvement to the extent of Rs. 171:54 lakhs over the Budget Estimates for the current year is mainly due to larger returns anticipated under 'Agricultural Income-tax', 'State Excise' and 'Forests'.

Sales Tax : The Supreme Court recently decided that under the Constitution the States are not entitled to collect sales tax on inter-State trade. The State thus lost a potential source of revenue. However, by an Ordinance issued by the Central Government the States were enabled to retain the tax already collected. The Taxation Enquiry Commission has made certain recommendations for rationalising the law on the

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